

Inactive Status—What are the Rules?

Many licensees inquire about what is and is not allowed while holding an Inactive License. We'll try to clear this up for everyone.

Accountancy Law, A.C.A. § 17-12-505—Inactive Status, states:

"The Arkansas State Board of Public Accountancy may by rule create an exception to the continuing education requirement of § 17-12-502 for licensees who do not perform or offer to perform for the public one (1) or more kinds of services involving the use of accounting or auditing skills, including issuance of reports on financial statements or of one (1) or more kinds of management advisory, financial advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters. Each licensee granted such an exception by the board must place the word "inactive" adjacent to his or her CPA title or PA title on any business card, letterhead, electronic transmission, or any other document or device, with the exception of his or her CPA certificate or PA registration, on which his or her CPA or PA title appears."

Licensees with an Inactive status cannot:

- 1) prepare tax returns for the public or furnish advice on tax matters;
 - 2) perform public accounting/auditing services, or provide financial advice/consulting;
 - 3) use the CPA or PA title without placing the word "inactive" adjacent to the title.
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Board Rule 13.7 - INACTIVE STATUS

(a) A licensee on inactive status shall not perform any of the services set forth in A.C.A. § 17-12-505. If the licensee performs any such services, he shall be subject to discipline by the Board pursuant to A.C.A. § 17-12-602, et seq. or § 17-12-105.

(b) A licensee who complies with this Rule 13.7 shall be granted an exception to the continuing education requirement of A.C.A. § 17-12-502.

(c) To qualify for this exception, the licensee must annually pay the appropriate inactive status registration fee as determined by the Board and complete a form prescribed by the Board.

(d) A person on inactive status may convert to active status as follows:

1. Complete a form prescribed by the Board and submit payment of the appropriate fee(s) (initial or upgrade) for active status.
2. Comply with CPE requirements under these rules for the renewal period following reinstatement on a pro rata basis, such hours to be computed at a rate of 3 1/3 hours per month from the date of reinstatement to the end of the renewal period in which reinstatement occurs.
3. Comply with the appropriate condition below:
 - (A) If inactive for less than three (3) years, the licensee must deliver documentation acceptable to the Board showing completion of forty (40) hours of CPE, qualified pursuant to Rule 13.2, for each consecutive (12) month period the licensee was on inactive status. For any period of less than twelve (12) consecutive months, whether alone or as part of a period exceeding twelve (12) months, the number of CPE hours shall be prorated at the rate of 3 1/3 hours of CPE per month of inactive status.

(B) If inactive for less than (1) year, the licensee will be considered not to have been inactive for CPE reporting purposes.

(C) If inactive for three (3) years or more, the licensee must develop and deliver to the Board a proposed program of CPE as specified in Rule 13.2(a) (to include four hours of accounting professional conduct and ethics). After the Board's approval of the CPE program, the licensee shall complete all of the CPE hours during the 36-month period immediately preceding the date of the licensee's application for active status. The licensee shall attach to said application documentation acceptable to the Board showing successful completion of all of the CPE hours comprising said CPE program.

Rule 13.8 - INACTIVE/RETIRED

(a) A licensee who has reached the age of 65 years and does not perform any services set forth in A.C.A. § 17-12-505 may renew his license by payment of the inactive/retired fee identified in Rule 12. In order to convert to a license to practice or to resume the practice of public accountancy, the licensee shall comply with the provisions of Rule 13.7(d).

(b) Licensees who have attained the inactive/retired status may use the term "retired" adjacent to their CPA title, or PA title in lieu of "inactive" as required in A.C.A. § 17-12-505.